

DEPARTMENT OF HUMAN SERVICES - SUMMARY OF KEY RECOMMENDATIONS

DEPARTMENTWIDE

- Adds \$32 million of additional state matching funds required due to changes in the state's **federal medical assistance percentage (FMAP)**. The FMAP determines the federal and state share of Medicaid expenditures. North Dakota's FMAP is decreasing from 67.49 percent in federal fiscal year 2005 to 65.85 percent in federal fiscal year 2006, to an estimated 63.23 in federal fiscal year 2007.
- Adds \$16.3 million, of which \$6.1 million is from the general fund for providing **inflationary increases** to the department's service providers of 2 percent for each year of the biennium.

MANAGEMENT

- Provides \$29.2 million, of which \$3.7 million is from the general fund for rewriting the **Medicaid management information system (MMIS)** computer application.
- Provides \$863,000, of which \$639,953 is from the general fund for **ConnectND fees** paid to the Information Technology Department.

ECONOMIC ASSISTANCE

- Reduces funding for **temporary assistance for needy families (TANF)** benefits by \$5 million of federal and special funds to provide a total of \$24.5 million for the 2005-07 biennium. The reduction is the result of an anticipated reduction in both the number of TANF recipients and average monthly payments.
- Adds \$1.2 million, of which \$600,000 is from the general fund for **payment error rate measurement (PERM) eligibility reviews** to comply with proposed federal Medicaid and children's health insurance program regulations that, **if approved**, will become effective October 1, 2005.
- Removes \$27.5 million, of which \$8.7 million is from the general fund, relating to **intergovernmental transfer payments** due to discontinuation of the program at the federal level.
- Provides \$107.9 million for **prescription drugs** in the medical assistance program, an increase of \$12.7 million, or 13.4 percent, compared to the 2003-05 biennium appropriation.
- Reduces funding for **outpatient hospital services** in the medical assistance program to \$33.8 million, a \$2.5 million, or 6.8 percent, reduction compared to the 2003-05 biennium appropriation.

- Adds \$1.3 million, of which \$446,000 is from the general fund to allow Medicaid recipients to set aside up to \$5,500 for **funeral expenses** rather than \$3,000.
- Provides \$348.8 million for **nursing facility care**, an increase of \$30.3 million compared to the 2003-05 biennium appropriation of \$318.4 million. The \$30.3 million increase includes \$24.5 million for **inflationary increases required by statute**, \$8.1 million for **rebas**ing nursing home costs from 1999 to 2003, \$634,000 for **changing the method of calculating nursing facility payment limits** from the percentile method to a median-plus method, and a reduction of \$3 million relating to an anticipated reduction in **nursing facility residents** on Medicaid.
- Provides \$12.8 million for **basic care**, of which \$5.2 million is from the general fund, an increase of \$4.4 million, all of which is from the general fund compared to the 2003-05 biennium appropriation. The department is anticipating that federal funds available under the basic care personal care option will be decreasing due to certain basic care costs no longer being eligible for Medicaid reimbursement under North Dakota's basic care personal care option as approved by the federal government.
- Reduces funding for **aged and disabled waiver services** from the \$9.5 million appropriated for the 2003-05 biennium to \$2.6 million for the 2005-07 biennium. The general fund share is reduced by \$2.1 million, from \$3 million in 2003-05 to \$900,000 for 2005-07. The department anticipates serving a number of the individuals under the personal care option rather than the aged and disabled waiver during the 2005-07 biennium.
- Provides \$15.6 million for **service payments for elderly and disabled (SPED)** and expanded SPED programs, \$74,000 more than the \$15.5 million appropriated for the 2003-05 biennium. The department anticipates serving a number of SPED recipients under the personal care option during the 2005-07 biennium.
- Provides \$14.7 million for the Medicaid **personal care option**, \$11.9 million more than the \$2.8 million appropriated for the 2003-05 biennium. The general fund share of the 2005-07 biennium appropriation is \$5.2 million, \$4.3 million more than the \$900,000 appropriated for the 2003-05 biennium.

PROGRAM AND POLICY

- Increases funding for **foster care services** by \$10.1 million, of which \$2.4 million is from the general fund to provide a total of \$62.3 million, of which \$10.4 million is from the general fund for the 2005-07 biennium. Increases relate to anticipated caseload and cost increases and the 2 percent inflationary increases referred to above.
- Increases funding for **adoption services** by \$2 million, of which \$900,000 is from the general fund, to provide a total of \$12.9 million, of which \$5.4 million is from the general fund. Increases relate to anticipated caseload and cost increases and the 2 percent inflationary increases referred to above.
- Provides \$206.2 million for **developmental disabilities services grants**, of which \$73.2 million is from the general fund. Compared to the 2003-05 biennium, the 2005-07 biennium funding is an increase of \$15.7 million, of which \$11.3 million is from the general fund. The increase relates to caseload and cost increases of \$9.6 million, and the 2 percent inflationary increases referred to above of \$6.1 million.
- Provides \$31.1 million, of which \$14.5 million is from the general fund for **mental health services** in the central office and human service centers. Compared to the 2003-05 biennium adjusted appropriations, the funding recommended is an increase of \$450,000. The general fund is increasing by \$1.75 million and estimated income is decreasing by \$1.3 million.

STATE HOSPITAL

- Adds \$3.1 million from the general fund for increased costs and costs relating to **expanding the secure services unit** at the State Hospital from

a 22-bed to a 42-bed unit. The secure services unit provides sexual offender treatment services and services to individuals that are mentally ill and dangerous.

- Adds \$1.3 million from the general fund for State Hospital traditional services to replace an **anticipated reduction in third-party collections**.
- Anticipates general fund salaries and wages savings of \$657,288 from vacant positions and employee turnover.
- Authorizes the **issuance of bonds** to provide \$215,000 for replacing an electrical transformer, repairing a roof, and for repairing and painting the water tower at the State Hospital.

DEVELOPMENTAL CENTER

- Adds \$1 million from the general fund to **restore the \$1 million general fund reduction** made by the 2003 Legislative Assembly.
- Anticipates general fund salaries and wages savings of \$724,930 from vacant positions and employee turnover.
- Authorizes the **issuance of bonds** to provide \$240,000 for roof repairs on the Cedar Grove and Collette Gym buildings and for swimming pool filtration repairs at the Developmental Center.

HUMAN SERVICE CENTERS

- Removes \$250,000 from the general fund provided for the 2003-05 biennium as a **funding pool** to be distributed to human service centers for mental health and substance abuse services based on the needs of each region.